

February 22, 2023



To: Chair Patterson, Vice-Chairs Hayden and Bonham, and Members of the Committee

On behalf of the American Association of University Women of Oregon, we express our strong support for Senate Bill 404-Amendment 1.

Pharmacy benefit managers, or PBM's, are companies that often appear to operate "under the radar." The fact that the public is largely unaware of what they do stands in stark contrast to the significant impact they have in deciding how much everyday people pay for their medications. PBM's develop and maintain lists or formularies of covered medications, which in turn determine out-of-pocket costs and influence which drugs individuals can afford. They can and do use their "middle person" purchasing power to negotiate rebates and discounts from drug manufacturers and they contract directly with individual pharmacies to reimburse for drugs dispensed to beneficiaries. These rebates and discounts, however, are not publicly disclosed.

It is often the case that the more expensive the drug, the larger rebate PBM's will receive. This means that people who have high deductible plans or copays based on a drug's list price may incur higher out-of-pocket costs.<sup>1</sup> Low-income individuals and communities of color, already besieged by poor access to health care, limited insurance coverage and other inequities also suffer from the fact that they are the hardest hit by continually rising prescription drug prices.<sup>2</sup> Increasing drug pricing hits our senior population and Medicare recipients with particular force.

PBM industry representatives justify their value by arguing that instead of working in their own interests, they are patient advocates in the health care system "working to lower prescription costs for patients and payers."<sup>3</sup> If that is in fact the case, there should be no objection to lessening the opaqueness of its decision-making and price-setting process.

This ability to negotiate behind the scenes from both ends of the bargaining table should not be tolerated. Rather than hunting for rebates, PBM's should be looking to improve value in pharmaceutical spending, or base their formulary and price negotiations on a drug's health benefits and its effect on the cost of patient care.

Senate Bill 404-Amendment 1 also seeks to obtain pricing and other information from PBM's but in doing so it does not jeopardize patient information. Rather, the bill seeks to have PBM's and

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<sup>1</sup> Pharmacy Benefit Managers and Their Role in Drug Spending, The Explainer, April 22, 2019, <https://www.commonwealthfund.org/publications/explainer/2019/apr/pharmacy-benefit-managers-and-their-role-drug-spending>.

<sup>2</sup> States Curb Racial Inequities in Rx Drug Affordability with Targeted Legislation, National Academy for State Health Policy, October 26, 2020, <https://nashp.org/states-curb-racial-inequities-in-rx-drug-affordability-with-targeted-legislation/>

<sup>3</sup> The Value of PBMs, Pharmaceutical Care Management Association, <https://www.pcmanet.org/value-of-pbms/>. PCMA's Board of Directors includes representatives from such organizations such as Express Scripts, OptumRx, Perform Rx, CVS Health and so on.

other group purchasers report rebates and other payments received from drug manufacturers to the Oregon Department of Consumer and Business Services, which will in turn provide aggregated data to the public.

Although we would support upper payment limits on all prescription drugs, Senate Bill 404-Amendment 1 takes a limited, and reasonable approach in granting authority to the Prescription Drug Affordability Board (PDAB) to set such limits on prescription drugs for state and local governmental purchasers. We can at least start here.

AAUW of OR urges the passage of Senate Bill 404-Amendment 1. Thank you for the opportunity to comment on this bill.

Respectfully Submitted,

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*State Public Policy Chair, American Association of University Women of Oregon*